

BLUE CROSS OF NORTHEAST OHIO
FINANCIAL AND STATISTICAL STATEMENTS
DECEMBER, 1970

C O N D E N S E D C O P Y

BOARDS

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EXHIBIT 1

ASSETS
December 31, 1970

<u>CASH</u>		
Deposits in Commercial Accounts - Not at Interest..	\$ 676,389.98	
Deposits in Investment Account.....	35,643.02	
Savings Deposits at Interest.....	6,635.40	
On Hand.....	<u>750.00</u>	\$ 719,418.40
<u>INVESTMENTS</u>		
United States Government Securities.....	10,894,692.05	
Public Utility Securities.....	5,735,035.72	
Industrial Securities.....	5,659,707.80	
Common Stock.....	<u>252,256.06</u>	22,541,691.63
<u>ACCRUED INTEREST</u>		308,959.41
<u>ACCOUNTS RECEIVABLE</u>		
Group Subscribers.....	9,572,710.04	
Medical Mutual of Cleveland, Inc.....	148,460.62	
Ohio Medical Indemnity, Inc.....	90,003.67	
Advance Deposit - Health Care Mutual.....	75,000.00	
Advances for other Service Plans.....	476,016.02	
Advance for Shared Computer Program.....	473,157.68	
Advances for Drug Program Central Processing Operation.....	129,960.46	
Advance Deposits - City and County Bids on Hospitalization.....	85,050.00	
Medicare - Administrative Expense.....	114,866.70	
Inter-Plan Service Benefit Bank.....	<u>1,325,890.04</u>	<u>12,491,115.23</u>
<u>TOTAL ADMITTED ASSETS</u>		<u>\$36,061,184.67</u>
<u>MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:</u>		
Air Travel Deposit.....	\$ 425.00	
Leasehold Improvements.....	<u>3,010,759.67</u>	
	<u>\$ 3,011,184.67</u>	

EXHIBIT 2

LIABILITIES AND RESERVES
December 31, 1970

UNEARNED INCOME (LEGAL RESERVE).....		\$ 7,871,194.07
<u>DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,</u>		
<u>UNDISCHARGED AND UNREPORTED CASES.....</u>	\$18,270,642.55	
<u>LESS: CURRENT FINANCING DEPOSITS.....</u>	<u>5,228,063.50</u>	13,042,579.05
<u>DUE HOSPITALS FOR ADJUSTED PAYMENTS</u>		
Payments (or Refunds) required to adjust		
tentative payments to audited rates.....	3,876,400.00	
Less: Partial Payment of Rate Adjustment.....	<u>815,193.92</u>	3,061,206.08
<u>ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES</u>		
General Accounts Payable.....	198,706.48	
Unclaimed Checks.....	90,893.79	
Medical Mutual of Cleveland, Inc.....	571,657.64	
Ohio Medical Indemnity, Inc.....	110,805.72	
Income Taxes Withheld from Employees.....	6,351.12	
Deposited for Purchase of U.S. Savings Bonds.....	3,018.79	
Employees' Matched Savings Investment Plan.....	70,674.65	
Employees' Retirement Plan.....	2,095.43	
Federal and State Social Security Taxes.....	6,309.70	
Accrued Employees' Compensation.....	158,000.00	
Deposits for Claims of National Accounts.....	2,604,772.96	
National Accounts Syndicate Funds.....	1,613,598.13	
Special Fund Reserve.....	6,464.65	
Bank Loan Payable.....	<u>-0-</u>	5,443,349.06
<u>RESERVES</u>		
Reserve for Contingencies.....		<u>6,642,856.41</u>
<u>TOTAL LIABILITIES AND RESERVES.....</u>		<u>\$36,061,184.67</u>
Total Persons Protected.....		1,787,034
Contingencies Reserve Per Capita.....		\$3.72
Contingencies Reserve in Months of		
Hospital and Administrative Expense.....		.54

EXHIBIT 3

STATEMENT OF INCOME AND EXPENSE
December, 1970

	<u>DECEMBER</u>	<u>FIRST HALF</u>	<u>LAST HALF</u>	<u>YEAR TO DATE</u>
<u>INCOME</u>				
Earned Income from Subscribers.....	\$12,181,285.31	\$69,286,913.74	\$70,913,155.63	\$140,200,069.37
<u>EXPENSE</u>				
Administrative Expense.....	554,245.07	2,799,594.03	3,109,354.81	5,908,948.84
	11,627,040.24	66,487,319.71	67,803,800.82	134,291,120.53
<u>HOSPITAL SERVICES</u>				
Estimated Incurred Claims for Hospital Care at Tentative Rates.....	11,651,200.00	68,772,400.00	70,204,200.00	138,976,600.00
Adjustment to Estimated Audited Hospital Rates.....	185,000.00	2,168,400.00	1,708,000.00	3,876,400.00
Total Hospital Costs.....	11,836,200.00	70,940,800.00	71,912,200.00	142,853,000.00
Less: Refunds covering Compensation Claims, Coordination of Benefits, etc..	51,191.21	271,225.24	410,720.83	681,946.07
	11,785,008.79	70,669,574.76	71,501,479.17	142,171,053.93
<u>TO RESERVES-FROM SUBSCRIBER INCOME.....</u>	-157,968.55	-4,182,255.05	-3,697,678.35	-7,879,933.40
<u>OTHER INCOME AND ADJUSTMENTS</u>				
Income from Investments.....	103,526.30	835,123.93	728,101.92	1,563,225.85
Alteration Expense.....	-15,059.67	-2,010,203.56	-234,324.28	-2,244,527.84
Amortization - Leasehold Improvements....	32,725.66	26,823.12	138,497.60	165,320.72
	121,192.29	-1,148,256.51	632,275.24	- 515,981.27
<u>NET CHANGE IN RESERVES.....</u>	\$ -36,776.26	\$-5,330,511.56	\$-3,065,403.11	\$ -8,395,914.67

EXHIBIT 20

STATEMENT OF OPERATIONS - 1934 TO DATE
December 31, 1970

	<u>1934-1967</u>	<u>YEAR</u> <u>1968</u>	<u>YEAR</u> <u>1969</u>	<u>YEAR TO DATE</u> <u>1970</u>	<u>JULY 1, 1934</u> <u>TO</u> <u>DECEMBER 31, 1970</u>
<u>INCOME FROM SUBSCRIBERS</u>	\$1,213,645,097.91	\$106,771,720.12	\$120,251,524.54	\$140,200,069.37	\$1,580,868,411.94
<u>ADMINISTRATIVE EXPENSE</u>	37,337,748.54	3,807,803.39	4,399,585.26	5,908,948.84	51,454,086.03
	1,176,307,349.37	102,963,916.73	115,851,939.28	134,291,120.53	1,529,414,325.91
<u>HOSPITAL SERVICES INCURRED</u>	1,157,351,605.78	109,537,046.78	123,369,879.01	142,171,053.93	1,532,429,585.50
	18,955,743.59	-6,573,130.05	-7,517,939.73	-7,879,933.40	- 3,015,259.59
<u>OTHER INCOME LESS</u>					
<u>OTHER DEDUCTIONS</u>	7,817,071.87	1,204,668.88	1,152,356.52	- 515,981.27	9,658,116.00
<u>TO CONTINGENCIES RESERVE</u>	\$ 26,772,815.46	\$ -5,368,461.17	\$ -6,365,583.21	\$ -8,395,914.67	\$ 6,642,856.41

PERCENTAGE DISTRIBUTION OF SUBSCRIBER INCOME

<u>HOSPITAL SERVICES INCURRED</u>	95.36	102.59	102.59	101.41	96.94
<u>ADMINISTRATIVE EXPENSE</u>	3.08	3.57	3.66	4.21	3.25
<u>CONTINGENCIES RESERVE</u>	1.56	-6.16	-6.25	-5.62	- .19
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Persons Protected	1,686,026	1,772,264	1,775,411	1,787,034	
Contingencies Reserve Per Capita	\$15.88	\$12.07	\$8.47	\$3.72	
Contingencies Reserve in months of					
Hospital and Administrative Expense	3.15	2.27	1.46	.54	

Cleveland Blue Cross began operations July, 1934.
Akron Blue Cross began operations January, 1937.

EXHIBIT 21

SUBSCRIBERS December 31, 1970

	PROTECTED (A)			COMBINED	SERVED (B)	TOTAL
	BLUE CROSS	FULL SERVICE				
	65	INDIV.	FAMILY			
PERSONS PROTECTED AND SERVED						
Previous Month.....	157,670	198,972	1,445,344	1,801,986	21,611	1,823,597
Additions.....	249	-2,546	-12,655	-14,952	- 614	-15,566
As of this Date.....	157,919	196,426	1,432,689	1,787,034	20,997	1,808,031

CONTRACTS

Previous Month.....	157,670	198,972	370,658	727,300	7,540	734,840
Additions.....	249	-2,546	-3,233	-5,530	- 233	-5,763
As of this Date.....	<u>157,919</u>	<u>196,426</u>	<u>367,425</u>	<u>721,770</u>	<u>7,307</u>	<u>729,077</u>

AT END OF CALENDAR YEAR

PROTECTED (A)			PROTECTED (A)			PERSONS SERVED (B)
YEAR	CONTRACTS	PERSONS	YEAR	CONTRACTS	PERSONS	
1934	3,220	3,220	1952	599,716	1,434,332	
1935	18,473	18,473	1953	625,723	1,557,370	
1936	42,500	42,500	1954	634,535	1,581,975	
1937	91,654	91,654	1955	662,865	1,697,557	
1938	116,974	173,944	1956	670,460	1,733,542	
1939	171,212	316,425	1957	674,141	1,778,509	
1940	238,027	464,979	1958	666,132	1,770,623	
1941	304,808	617,294	1959	683,681	1,825,097	
1942	322,284	697,595	1960	672,701	1,801,331	43,870
1943	369,350	786,387	1961	663,820	1,780,567	43,870
1944	399,731	854,274	1962	651,235	1,742,035	43,870
1945	401,889	870,241	1963	643,245	1,710,422	68,507
1946	473,163	1,036,063	1964	646,084	1,719,330	72,885
1947	489,381	1,083,538	1965	655,254	1,728,436	74,518
1948	490,775	1,102,656	(C) 1966	688,713	1,674,791	71,096
1949	493,275	1,130,716	1967	667,585	1,686,026	79,366
1950	542,807	1,258,858	1968	705,387	1,772,264	47,397
1951	566,388	1,351,566	1969	711,301	1,775,411	48,785

(A) Persons are considered protected if B.C.N.O. has issued the contract to the subscriber.

(B) Persons are considered served if another Blue Cross Plan has issued the contract to the subscriber under a National Plan and B.C.N.O. has agreed with the Plan to service the hospital benefits for the local subscribers.

(C) Medicare effective July 1, 1966.

